



Dennis Braddock, Secretary

## PROPOSED BUDGET

## 2003-05 Biennium Funding

# Comparing 2001-03 and 2003-05 DSHS Funding

BEFORE GOVERNOR'S ACTION

June 9, 2003

### For more, visit:

Legislative Evaluation and  
Accountability Program Committee  
2003-05 Operating Budget  
[http://leap.leg.wa.gov/leap/budget/  
detail/2003/o0305f.asp](http://leap.leg.wa.gov/leap/budget/detail/2003/o0305f.asp)

**THE LEGISLATIVE BUDGET FOR 2003-05** increases DSHS funding by 5 percent annually over the 2001-03 Biennium. This handout provides a preliminary comparison based on the level accepted by the Legislature June 5, 2003, prior to Governor's actions. Totals will be updated when the final budget is available. This is expected before the end of the current fiscal year, which ends June 30, 2003.

### Summary

## Agencywide TOTAL

### SESSION OUTCOME – Preliminary

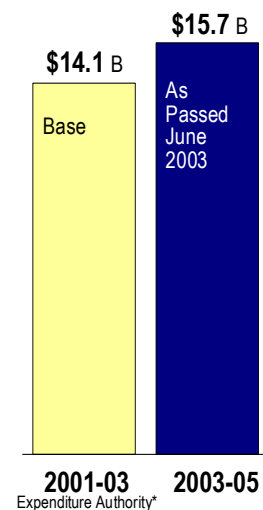
2001-03 Biennium Compared to 2003-05

	2001-03	2003-05	Change
State	\$ 6.1 B	\$6.6 B	\$0.4 B
Federal	7.1 B	7.9 B	0.9 B
Other	0.9 B	1.2 B	0.4 B
<b>*TOTAL</b>	<b>\$14.1 B</b>	<b>\$15.7 B</b>	<b>\$1.7 B</b>

Annualized Average Increase = +5%

	2001-03	2003-05	Change
FTEs	<b>18,068</b>	<b>17,763</b>	(305)

\*Dollars exclude ProShare appropriation – Upper Payment Limit transactions made to Public Health Hospital Nursing Homes.



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[www1.dshs.wa.gov/budget](http://www1.dshs.wa.gov/budget)

### DSHS BUDGET HIGHLIGHTS

#### SUSTAINED FUNDING

- Medicaid healthcare for some 600,000 residents, as required under federal law. *MAA*
- Optional Medicaid Health care services for some 300,000 additional residents whom would otherwise not qualify due to income, age, or disability. *MAA*
- Emergency food and shelter programs for the hungry or homeless. *ESA*
- Emergency or temporary income support to 77,000 indigent families with children or single adults unable to work due to disability. *ESA*
- 24-hour, institutional care services to over 15,000 indigent, disabled clients. *ADSA*
- Increased services for foster children. Because some have more complex needs, they have been moved into higher levels of care. *CA*
- Youth Programs and Public Safety and Education Account funds for programs that help youth and families in crisis. *CA*

#### PROGRAM ADDS

- Funding is provided for newborn screening of five additional disorders, which can cause mental or motor retardation, blindness, hearing loss, physical abnormalities, and/or death if undetected. *MAA*
- DSHS is directed to consolidate drug purchasing with the Health Care Authority and the Department of Labor and Industries. *MAA*
- Funding is provided to increase managed care payment rates by an average of 1.5 percent in calendar year 2004 and by an average of 5.0 percent in 2005. *MAA*

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## REDUCTIONS

- Funding for the community inpatient pool is eliminated. The inpatient pool was established to assist communities maintain capacity to provide short-term psychiatric hospitalizations locally. *MHD*
- Savings are achieved by raising the functional eligibility requirements for Medicaid Personal Care to assistance with three activities of daily living, thus eliminating services for those clients who require minimal assistance with one or two activities of daily living. *ADSA*
- The department is directed to consolidate vacancies across all Residential Habilitation Centers (RHCs) in order to downsize Fircrest School. Funding is provided for residents of RHCs who choose to move to community placements. *ADSA*
- DSHS is directed to limit growth in the number of persons receiving community-based care through the Community Options Program Entry Service (COPES) waiver program to 1.1 percent per year, which is the projected growth in the total state population aged 75 and older. *ADSA*
- Treatment services for gravely disabled individuals are reduced. *DASA*
- The department is directed to increase efforts to ensure recipients of publicly funded medical assistance meet applicable income, residency, and eligibility requirements that will result in program savings in the Medical Assistance Administration. *ESA*
- Savings are achieved by implementing legislation that requires the department to discontinue benefits for General Assistance-Unemployable (GA-U) clients unless the client demonstrates that their medical or mental condition has not improved, and they therefore still need a GA-U cash grant and medical benefits. *ESA*
- The Medically Indigent program will no longer operate as an open-ended, fully state-funded entitlement. It will now operate with annually budgeted, lidded state and federal grants to hospitals that serve a disproportionate share of medically indigent persons. *MAA*
- Other changes in Medical Coverage include a 25 percent reduction in Adult Dental Services; co-pays for adult optical services and equipment costs, medical supplies, and equipment costs; and monthly premiums to help pay for certain children's medical, dental, and vision coverage. *MAA*

## CROSS-PROGRAM BUDGET ACTIONS

**These are Applied to Multiple DSHS Programs**

### ADDS

- Funding is provided to increase individual and agency Homecare worker wages by 75 cents per hour effective October 1, 2003. Payments to agency providers will increase from the current rate of \$13.44 to \$14.27 per hour. *TOTAL = \$62.3 million (\$31.6 million GF-S, \$30.7 million GF-F)*
- Additional federal funds are provided for the annual self-insurance premium to fund the DSHS portion of the state's Self-Insurance Liability Program. *TOTAL = \$16.2 million (All GF-F)*
- Funding is provided to implement standards for electronic transactions necessary to comply with the Health Insurance Portability and Accountability Act (HIPAA). *TOTAL = \$18.0 million (\$2.0 million GF-S, \$16.0 million GF-F)*

## REDUCTIONS

- An approximate 4 percent administrative reduction is made to all DSHS programs. Some programs have administrative reductions applied beyond this level. Where this is the case, it is noted on program-level summaries. *TOTAL = \$28.2 million reduction (\$14.2 million GF-S reduction, \$14.0 million GF-F reduction)*
- A change in pension funding results in savings due to a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System. *TOTAL = \$13.4 million reduction (\$10.3 million reduction GF-S, \$3.1 million reduction GF-F)*
- Savings result from the Financial Reporting Improvement Project. *TOTAL = \$42,000 reduction (\$31,000 GF-S reduction, \$11,000 GF-F reduction)*

